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Rights and wrongs in industry : Catholic doctrine on industrial problems.

# RIGHTS AND WRONGS IN INDUSTRY

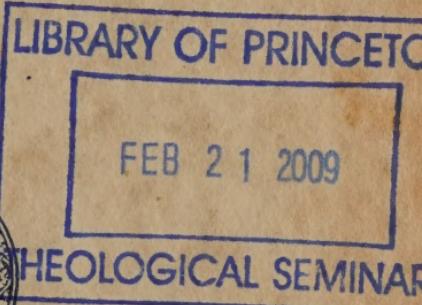
Catholic Doctrine on Industrial Problems

REV. FRANCIS J. HAAS, Ph.D.

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PAPAL TEACHING ON WAGES AND HOURS



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THE following articles reproduce three addresses delivered before regional meetings of the Catholic Conference on Industrial Problems, the first at Providence on November 15, 1932, the second at Albany on December 13, 1932, and the third at New York City on February 7, 1933. They take as their general topic Catholic teaching on industrial questions as contained in the Encyclical of Pope Leo XIII, *On the Condition of Labor*, May 15, 1891, and the Encyclical of Pope Pius XI, *Forty Years After, Reconstructing the Social Order*, May 15, 1931. References in the text are to the English edition of the International Catholic Truth Society and of the National Catholic Welfare Conference, respectively. It is hoped that the present pamphlet will help, in however small a way, to stimulate greater study of these monumental documents.

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# Rights and Wrongs in Industry

Catholic Doctrine on Industrial Problems

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## I

### ROOTS OF THE DEPRESSION

THE advertising slogan, "Nature in the raw is seldom mild," aptly describes the driving force of the present economic system. Ultimately, that driving force is competition, a synonym for fight or conflict. The system that we have been operating under for something over 100 years is essentially one of strife and contention. It assumed that the welfare of society would best be promoted by allowing individuals or groups legally regarded as individuals, freely to struggle with one another in making money. It is no exaggeration to say that the system has revealed all the fury and cruelty of wild animals struggling for prey.

An essential requirement of the theory of competition was that government should interfere with the struggle as little as possible if at all. From the commencement of operations under our Constitution in 1789 down to the present, governmental policy in the United States has been that competitors within as well as between industries should be permitted the widest measure of freedom, and that laws should not restrict them in their search for profits. The great concern was to keep the field as wide open as possible so that individuals could get rich. There was relatively little concern about the effect of this policy on the nation as a whole.

### Government and Economics

By a curious turn of events the American people have come to look upon government as either the maker or destroyer of prosperity. As a nation we now place too much

reliance on government: we think too little of economic facts and trends. With naïve simplicity we turn out on election day hoping either to retain or to vote back prosperity.

The fact of the matter is that government only to a limited extent is responsible for either prosperity or hard times.

Government as government can do but little in business and industry either to rehabilitate or to break down. The field of politics and that of economics are in reality two different provinces of action, with only a relatively narrow zone between them. Government has its proper functions, and of course is in duty bound to perform them. The economic system, too, has its functions, and government can regulate or discharge those of industry only to a restricted degree.

Because of the inability of government effectively to regulate individual profit-seeking and, as will be presently explained, mainly because of the absence of adequate controls within the economic system itself, competition has run riot. In our national economy the soft-coal industry, and in the international economic system wheat production are glaring examples of anarchy. The soft-coal industry is prostrate. Low earnings and unemployment therein have caused and are causing untold suffering. The distress in agriculture is too well known to require more than mention. The price of wheat is fixed by world forces, and world competition has brought it to the lowest level recorded in modern times.

### Competition in Credit and Industry

The most destructive result of competition is of course the business cycle. Approximately every eight years from one-quarter to one-third of all business stops and, about one-half of its activities cease in extremely critical times such as the present. In economic terminology the situation is described as a lack of balance between production and consumption: manufacturers produce, or are ready to produce, goods, but buyers for lack of sufficient income cannot take them off their hands.

The fundamental cause of this condition is uncontrolled self-interest asserting itself through the unregulated profit motive. Because of it production outstrips the capacity to buy and, according to the intensity of the depression, from four to fourteen million wage earners are thrown out of work.

### Financial and Industrial Causes

The present tragic condition can be viewed from two standpoints insofar as they reveal first, the financial, and second, the industrial causes of the crisis. The first is speculation and manipulation of credit; the second is the existing employer-worker relationship.

The frenzied buying and selling of securities prior to 1929 was the underlying cause of the business paralysis which has continued now for nearly four years. True, the tremendous increase in productive capacity and the inability of workers and farmers to buy was the more direct cause. But this latter condition was brought to a head largely by the rapid issuance and turnover of credit. From 1921 to 1929 corporate issues increased each year, from \$2.4 billion in 1921 to more than \$10 billion in 1929.

Before 1929 there was an excessive demand for securities which naturally forced up their price. Banking and credit houses responded to the demand, and industrial leaders seized the opportunity to expand their shops and equipment. In fact, a kind of megalomania took possession of many industrial concerns which felt that somehow there was no limit to market demands for their products. Because of unfettered competition both in the credit field and in the manufacturing industries production facilities were extended excessively in practically every direction.

### Exchange Power Unequal.

A more direct cause of the present crisis was the unequal bargaining power between employer and worker. Here the pernicious forces of uncontrolled competition showed themselves most clearly. It has been the uniformly accepted principle in the United States that an employer has the

right to deal with each man, woman and child wage earner as an individual. Consequently, except among the ten per cent of American wage earners who were organized, men were forced to compete with men as individuals and, in many occupations, with women and children as individuals.

The result of this process could have been only what it was. Wages and working conditions were forced down to the level of lowest bidders, pressed by necessity to take whatever was offered. In consequence, wage earners were without sufficient buying power to take from industry the huge volume of products which more or less unlimited competition had stimulated it to turn out.

### Property and Work: Both Are Social and Individual

The theory of competition as applied to the labor contract neglected two important facts: (1) property is social as well as individual; (2) labor is social as well as individual.

### Social Character of Property

When we say that property is social as well as individual we adopt a certain philosophy of society. We mean that goods can and must be owned privately and in addition that an owner has obligations to the community in proportion to his possessions. The social responsibility of ownership is denied by the school of Individualism, from which the credit and industrial system has borrowed its premises.

On the ground that it was free from social responsibility the average industrial corporation claimed that it had the right to fix working conditions in its plant as it saw fit. American employers quite generally took the position: this is my property and whoever works for me must meet the terms I lay down. In addition every manufacturer claimed and exercised the right to expand his plant regardless of whether workers could be permanently employed or not. The repudiation of the social character of property was a dominant factor in bringing on the present world-wide crisis.

### Social Character of Work

The second important fact ignored previous to the crash of 1929 is that labor is social in character as well as individual. Here whatever one's social philosophy might be, unquestionably the worker has a social side, for he is a debtor to society. This fact has two important aspects.

First, the worker is a debtor to society because he is the product of a family, of the rearing and sacrifice of a father and mother. The cost of his upbringing up to the age of eighteen has been variously estimated at from \$5,000 to \$10,000. Also he is the beneficiary of numerous social institutions supported by public or quasi-public taxation: among them public health services, schools, churches, libraries, and recreational facilities.

Second, because the worker is a debtor to society he has the obligation to give back at least what he has received. Normally, he has the responsibility to establish a family and, in every case, to create opportunities and advantages for others equal to and even superior to those provided for him.

Since, therefore, the worker has received immeasurable benefits from society and is obliged to repay at least what he has received, his labor is social. An employer does not get a worker, as Individualism assumes, who has dropped out of the skies. He gets a man or woman burdened with debts to society and one from whom society, if it is to continue, must receive proper and even generous return. Obviously the worker can make such return only if he receives sufficient wages to do so.

### Evils of Neglect of Social Character of Work

In direct opposition to social justice American industry has dealt with workers almost entirely as individuals. It regarded each as a unit, as a replaceable part, in the same way that it measured steel by the ton, cloth by the yard, or wheat by the bushel. On this basis it paid wages. In particular, it failed to pay for one important social contribution of every worker, however unskilled his job, his indispensability to the productive process.

All useful labor is social in character. It makes little difference whether a worker is a garbage collector or a punch presser in an automobile factory. The garbage collector prevents the spread of disease and is obviously performing a most necessary social work. His contribution to society is evident. The same is true of the punch presser. He is necessary "on the line" in the factory. In itself his work may be of minor importance but because the corporation keeps him at his place he is necessary to the smooth running of the automobile when it leaves the factory. Quite generally, in computing wages American employers have not compensated the worker for his important contribution, his indispensability to the operation of industry.

The disregard of these two facts, the social character of property and the social character of labor, was a necessary conclusion of the philosophy of Individualism. Unfortunately, this conclusion did not remain in the realm of speculation. It was rigidly and cruelly applied to industry. The result is the present nation-wide suffering and the prostration of business.

### How Control Competition?

The question is now: how can competition be controlled so that the social obligations of property will be properly enforced and the social character of labor properly compensated? Mainly in two ways: through legislation and through organization. As to the first, the experience of the past sixty years gives no hope of any fundamental improvement through governmental action. State laws requiring the observance of such elementary standards as freedom from filth in clothing factories still go disregarded. To expect the Government to play any effective part in enforcing wage and hour justice in the various industries, to say nothing of trying to maintain continuously a balance between consumption and production in all industries, is to expect the impossible. The chief emphasis must be on organization.

### Benefits to Workers

What would organization of workers, up to seventy-five per cent of their number, have effected if it had existed for

two or three decades preceding the crash of 1929? Three major benefits would have followed: first to workers, second to employers, and third to the community.

Obviously the greatest benefits would have accrued to workers themselves. They would have been in a much stronger bargaining position in selling their labor and would therefore have obtained much higher wages and have been able to buy a greater quantity of the needs and comforts of life. The all important spiritual advantages that they would have obtained are discussed in Section II below.

### Benefits to Employers

Second, organization of workers would have secured important benefits to employers. The organization of workers in an industry enables firms to predict their labor costs. Each employer is put on the same minimum basis as every other, and competition is practically eliminated from the field of labor expense. In consequence, the fair and enlightened employer, who is determined to maintain fair wage levels and conditions in his establishment, is protected against the under-bidding of the labor exploiter.

In this connection, a very important consideration is to be kept in mind. A worker's organization in an industry enables an employer to preserve the integrity of his conscience. How often one hears an employer say: "I know that the unskilled workers in my plant do not average \$900 a year and that a man simply cannot raise a family on that amount. But what am I going to do? If I pay more my competitors will undersell me and I will have to close up. I don't like to see married women and children working in my mills but I can't put them out and take on men workers and pay them men's wages when my competitors hire women and children and pay them women's and children's wages."

Manifestly, this man is the victim of a system, the system of cut-throat competition. If the industry of which he is a part were organized he would not be compelled to do things that he knows are not right. Similar examples showing the benefit of organization to employers, especially in

the construction industry, can easily be given. Competition is the rule of the game and to stay in the game the employer finds that he must follow the rules.

If during the past three or four decades industry had been more or less completely organized, without question there would have been greater stability in production, with far fewer losses to employers. Unwise expansion would have been curbed and workers would have been able to consume the enormously increased output of industry and agriculture.

### Benefits to the Community

The third result that would have followed from the organization of workers would have taken the form of benefits to the community. Unionization would have placed more wages in the hands of workers. Far fewer demands would have been made upon the public treasury for old age pensions, mothers' pensions, and free dispensaries, to say nothing of the demands for huge appropriations for unemployment relief. Those who are raising a hue and cry against mounting taxes should give more and more attention to this phase of the question.

### Organization Imperative

Nothing in the teachings of the Encyclicals, *The Condition of Labor* or *Forty Years After*, is clearer than this: Organization of industry is imperative. Workers derive their right to collective action from the fact that they are in a trade or an industry. They acquire this right in the same way that a people acquire civil rights by associating together in establishing a government. In both cases the source of rights is human nature. The demand that both classes of rights be recognized and be permitted to function freely is required by the common good and, to the extent that the claims of the common good are accepted, society will rest on a firm and stable foundation.

## II.

### MORAL VALUES IN INDUSTRY

In discussing industrial questions it makes all the difference in the world where one begins. A person can take investments as his starting point and end with human beings, or take human beings as his starting point and end with investments. If his starting point is investments his prime concern will be to have industry make money, and the effect on workers will be secondary. If his starting point is human beings, he will put men and women and children first, and make return on investments secondary. Priority of values determines one's social philosophy.

In his recent book, "A New Deal," Stuart Chase pleads for more thinking on this fundamental question. Rightly he states that the American people have failed to come to grips with the all important question: What is an economic system for? They have not, he says, thought through the basic problem of whether the true aim of an economic régime is to make profits for a few or to make life decent and ample for all. Logically, the lines of future planning will be determined by the goal that the people set up before them.

#### Cardinal Manning on Object of Productive System

In 1887, arguing for the legal regulation of working hours in Great Britain, Cardinal Manning challenged the accepted purposes of the economic system of his day. He wrote:

If the great end of life is to multiply yards of cloth and cotton twist, and if the glory of England consists or consisted in multiplying without stint or limit these articles and the like at the lowest possible price so as to undersell all the nations of the world, well, then, let us go on. But if the domestic life of the people be vital above all; if the peace, the purity of homes, the education of children, the duties of wives and mothers, the duties of husbands and of fathers, be written in the natural law of mankind, and if these things are sacred, far beyond anything that can be sold in the market, then I say . . . we dare not go on in this path.

### Pope Pius XI on Object of Productive System

Nevertheless, since the 80's, the nations went on in that path. And today we have lost our way. We are groping about, facing disaster. To avoid it we must redefine the purposes of production, state them in terms of human values, and make the system conform to public well-being.

This, in essence, is the call of Pope Pius XI in his Encyclical, *Forty Years After*, of May 15, 1931. The expressions which recur twenty-nine times in the Encyclical, "social justice," "public interest," "social organism," "social character of property," "social character of labor," all reinforce the idea of the primacy of the common good over the limited interest of enterprisers.

In the heart of the Encyclical the Pontiff describes in detail the way in which this most necessary end is to be achieved. He says that society must be made over by organizing it functionally, that is, every worker, employer, and professional person should be a member of the association in his calling. The purpose of these organizations, he is careful to indicate, must be the common good: "From this it is easy to conclude that in these associations the common interest of the whole group must predominate: and among these interests the most important is the directing of the activities of the group to the common good" (p. 28).

### Wages and Prices to Be Adjusted to Public Welfare

Specifically, His Holiness says, both the level of wages and of commodity prices must be regulated by the requirements of public well-being. He affirms: "All are aware that a scale of wages too low, no less than a scale excessively high, causes unemployment. . . . To lower or raise wages unduly, with a view to private profit, and with no consideration for the common good, is contrary to social justice which demands that by union of effort and good-will such a scale of wages be set up, if possible, as to offer to the greatest number opportunities of employment and of securing for themselves suitable means of livelihood."

Identical requirements of the common good are to determine the prices of products. "A reasonable relationship between different wages here enters into consideration. Intimately connected with this is a reasonable relationship between the prices obtained for the products of the various economic groups, agrarian, industrial, etc. Where this harmonious proportion is kept, man's various economic activities combine and unite into one single organism and become members of a common body, lending each other mutual help and service. For then only will the economic and social organism be soundly established and attain its end, when it secures for all and each those goods which the wealth and resources of nature, technical achievement, and the social organization of economic affairs can give" (p. 25).

These and other passages in the Encyclical show that in the program of the Catholic Church, not group interest, not free opportunity for unlimited profits, not accumulation of wealth, but the well-being of the community is the ultimate purpose of an economic system.

### Two Fundamental Truths

The Catholic Church holds to two truths: first, there are moral values in industry and, second, these values must be fully protected.

Now a value is something accounted of worth, something prized and, because it is not an ordinary or free good, something more or less coveted. Some values, in fact most of them, can be measured by a monetary standard. But there is one value which can be measured by no standard: man and his spiritual endowment. He is of intrinsic value. He is the measure of value itself.

### Worker Invests Himself

What does a man bring into industry? Himself. This is his investment. It is not money or things. It is a human being. The worker is both investor and investment, and not the least part of his investment is his mind enabling him to judge, his will making him a free and responsible agent, and his conscience holding him accountable to God

for his conduct in industry and society. These are the moral values that workers bring to their tasks in production. That they are necessary for its proper and orderly operation goes without saying.

### Understanding and Freedom Degraded

But what becomes of these values in industry? First, among the vast majority of wage-earners the faculty of understanding is debased. It is customary to speak of the wage contract. What a mockery! In taking a job nine out of ten workers in the United States, that is the ninety per cent who are not organized in trade unions, are allowed practically no opportunity to exercise any judgment. Practically all unskilled and semi-skilled wage-earners are simply told what is being paid, and not infrequently even this information is withheld from them until they open their first pay envelope. After they are at work they are likewise allowed little or no opportunity to use their intelligence. Each stands alone and cannot, without fear of discharge, argue against unwarranted acts of the management.

It is the same with the faculty of freedom. In taking employment the great mass of workers are lone workers. Now, the fact that each stands alone deprives him of his freedom. Ironclad necessity forces him to accept whatever terms, however degrading, are offered. That necessity is the pressure of the waiting line at the factory gate. Any one in the line may accept if he does not. If he takes work the same necessity constrains him. He stands alone and if he will not submit to intolerable conditions others will.

### Disorganization the Cause

The basic reason for this shameful condition is, of course, that workers are disorganized. They are forced to compete with one another, with the result that to secure a livelihood they must submit to the debasement of their spiritual faculties of understanding and free-will. Moreover it is to be remembered that the individual man must bid not only against men but against women and against children. As a result, we have the shocking condition that in normal

times nearly two million married women and a like number of children under sixteen years of age are gainfully employed in American industry. The existing system of competition, therefore, debases the spiritual faculties not only of the overwhelming number of men workers but also of millions of mothers and of children.

### **Moral Values Must Be Safeguarded**

We come then to the insistence of the Church that the moral values of workers must be safeguarded. Before all it is necessary to state the everyday truth that no value can stand by itself. It needs protection. Otherwise it would not be a value. It is not to the credit of human nature, yet it is the hard fact that locks must be put on doors, police systems maintained in cities, and armored trucks used to transport gold from bank to bank. Human values, no less, must be protected with effective machinery. This protection, the Church says, is to be found in certain moral truths embodied in a rational plan of action.

At the outset, addressing itself to the consciences of employers, bankers, legislators and workers, the Church declares that justice and charity are to be observed. Now, justice and charity are not abstract virtues in the sense that they are incapable of concrete application to the affairs of business. They are susceptible of very precise and concrete definition.

### **Justice: Individual and Social**

Justice, as commonly understood, requires equivalence in contracts. Each party must be given the value of what he delivers and—this may sound very elementary but it is of utmost importance in the wage contract—each must know what he is doing and be reasonably free to accept or refuse. If either party is prevented from knowing what he is undertaking or denied ordinary freedom in consenting, justice in the contract is violated. These conditions are essential to exact or commutative justice.

But there is another form of justice, usually called social. It defines the duties of the individual to the com-

munity and vice versa and, applied to industry, requires the adjustment of wage levels and the length of the working week to the needs of the whole social body. These are discussed at length in Section III below.

The importance of social justice is evident particularly today. According to Mr. Joseph E. Davies, former Chairman of the Federal Trade Commission, in the last twenty years because of displacement of labor by machinery, productivity has increased three times more rapidly than consumption, and it is gravely doubtful whether fifty per cent of those out of employment now can be reëmployed if industry resumes operations on the basis of the long hours and low wages prevailing during the peak of the boom preceding 1929. It can be readily understood then why Pope Pius XI makes social justice the dominant theme of his Encyclical and builds, so to speak, his entire plan of reconstruction around it.

### The Rôle of Charity

But even justice, in its two main forms, is not sufficient to maintain order and well-being in society. Charity must be present to reinforce justice (*adminiculante*, support it by the hand, as the official text reads), not charity in its usually accepted sense of almsgiving or relief, but charity as impelling employers and workers in each industry to co-operate genuinely and warmheartedly in promoting their common interests and those of the community. It means more than good faith. It requires a spirit of making allowance and of yielding a point here and there for mutual benefit and public well-being.

Of the necessity of charity the Encyclical says: "For, justice alone, even though most faithfully observed, can remove indeed the cause of social strife, but can never bring about a union of hearts and minds. Yet this union, binding men together, is the main principle of stability in all institutions, no matter how perfect they may seem, which aim at establishing social peace and promoting mutual aid. In its absence, as repeated experience proves, the wisest regulations come to nothing. Then only will it be possible to unite all in harmonious striving for the common good, when

all sections of society have the intimate conviction that they are members of a single family and children of the same Heavenly Father, and further, that they are 'one body in Christ and everyone members one of another.' . . ." (p. 44).

### Necessity of Organization

These then are the moral foundations of a new and better social order. How are they to be put into practice? The Encyclical answers: Economic society is to be organized and interorganized, nationally and internationally. Competition must be controlled in the public interest, not only of each nation but of all humanity. Organization will effect this result when workers and employers in each industry are united in their respective associations, and negotiate, with the assistance of public commissioners, through their freely chosen representatives.

But more than this is necessary. Each organized industry—steel, agriculture, building, printing, to mention only a few—is to be united with every other. Collective bargaining machinery, operating independently in each industry, is not enough. Strong groups could thereby exploit weaker ones. A parent organization composed of the representatives of all organized industries and of the government is necessary. Its main functions would be to regulate production, fix just prices, and administer funds for accidents, sickness, and old age. In essentials this is the plan of Pope Pius XI.

### Plan Assumes Unionization of Workers

Clearly the whole structure assumes the right of workers to unionize in organizations of their craft or industry. Although in the United States this right is the one around which the bitterest battles have been waged in the past and is today the supreme issue in American industry, to Pope Pius XI it is not a matter of controversy. To him it is not debatable. To him it is beyond the pale of argument, and he uses no equivocal language in saying so.

The Pontiff repeats the teaching of his Predecessor, Leo XIII, that a worker's right to join a union is something

inherent in him, a "natural" right (p. 31). He says that workers' unions have the same origin in man as has government itself. He declares: "For as nature induces those who dwell in close proximity to unite into municipalities, so those who practice the same trade or profession, economic or otherwise, combine into vocational groups. These groups, in a true sense autonomous, are considered by man to be, if not essential to civil society, at least its natural and spontaneous development" (p. 27). The right of workers to organize in their own unions is such an integral part of the Encyclical that one who does not accept it rejects the entire social teaching of Pope Pius XI.

### Moral Basis of Unionization

The moral basis of the worker's right to unionize is dictated by the practical necessities of modern production. In American industry the individual wage contract, that is, one negotiated without the intervention of a union, debases the spiritual faculties of intelligence and freedom. The collective wage contract safeguards them and provides at least an opportunity for their exercise.

To make a contract a person must know what he is doing and be free to accept or decline. Under the individual wage agreement neither condition is present. It is only when a worker deals through a freely chosen representative who has a knowledge of market conditions equal to that of the employer's representative that he exercises some measure of judgment in making a contract. Likewise, it is only when the worker deals through a freely chosen representative to whom his fellow workers have pledged themselves to act as a unit that he enjoys some degree of freedom.

This is not all. Carrying out a contract is no less important than negotiating it. While the contract is in force there must be opportunity for the worker to use his powers of understanding and freedom. Here, too, he requires the attorneyship of a freely delegated representative with a knowledge of the trade equal to that of the employer's representative. Here, especially, he needs a freely delegated representative under whose leadership other workers

have agreed to move as a corporate body in case the owner or foreman does not live up to the contract.

Briefly, only through the collective agreement negotiated by the workers' officials, can the spiritual qualities of understanding and freedom be protected. Moreover, if the plan of the Encyclical is carried out, public authority must be represented by a vote, in the ratio of one to three. Such representation is necessary to protect the rights of consumers and the general public interest.

### Three Parties Victims

Since only one-tenth of the workers in the United States are unionized it is evident that practically unlimited competition fixes wages and hours in American industry. This in final analysis is the cause of the immoral concentration of wealth and the widespread suffering now existing in our country. But it should be observed that free competition makes victims not only of workers. It makes victims of both groups in industry, workers and employers, and of the entire community.

First, workers suffer by competition because, subjected to the blind play of supply and demand and, unable effectively to protest, they must endure the evils of low wages and unemployment. Again, employers suffer by their ability to buy labor in a competitive market because again and again it makes them do things that they know are not right. Consider, for example, what an honest employer has to contend with in selling his products—low wages of fathers and exploitation of mothers and child workers, and therefore underselling—which when practiced by unscrupulous business rivals compels the fair and decent employer to retire from the field. Finally, the whole community suffers because it is forced to carry a large part of the overhead of industry in the form of taxes for the support of the underpaid, unemployed, industrially handicapped, and dependent aged.

### Duties of Three Parties

Yet the three parties are not entirely victims of the system. Each is responsible for it. First, workers are re-

sponsible because, too often they do not know their rights and do not take a wholesome pride in exercising them. When they realize that their right to organize is just as intimate a part of them as is their right to family life, citizenship, or their bodily members—their hands, feet, and eyes—and when they use the right to organize with the same feeling of self-respect that every normal individual has for his own person, their emancipation will be effected. Second, employers are responsible insofar as they keep workers disorganized by maintaining open-shop agencies, spies, black-lists, and lobbies to defeat legislation designed to remove the obstacles to organization. Third, the community is responsible because it fails to demand that the low wages and the high earnings in many corporations be brought out into the clear sunlight of public knowledge, and that proper machinery be set up to correct this injustice. It is responsible because it does not draft the chief conveyors of public information, the press and the radio, into the service of the common good.

All three parties are indeed victims of a system, but they are victims of a system of their own making. Each in its own way has the clear duty to do its part in correcting the system: workers to know and make use of their rights; employers to assist workers' organizations instead of fighting them; and the community to compel the carriers of public information to serve the common welfare.

### **Labor Racketeering**

No discussion of the right of workers to organize should overlook the matter of labor racketeering. That there are some grafting and dishonest labor officials no one can deny. It is the sad fact that there are, here and there, unscrupulous leaders who prey upon their fellows and basely sell the confidence reposed in them. No one of course would attempt to defend them. No language is too strong to denounce their conduct.

Yet we must not lose our sense of proportion. We do not advocate doing away with police systems because some police officers are corrupt, the judiciary because some judges are venal, family life because some marriages end in divorce,

or the Church because an occasional representative is faithless. It is equally unreasonable to propose to destroy the only safeguards that workers have, their organizations, because an occasional leader is a criminal.

The writer hesitates to introduce this matter here inasmuch as what he says may be interpreted as a defense of labor leaders. The great mass of labor officials need no defense. Even to appear to defend them does them a grave injustice. From personal acquaintance with them, here and abroad, the writer can testify that again and again he has secretly admired their fine qualities of self-sacrifice, devotion, and charity to their fellow workers. To those who know the true labor official it is not surprising that Pope Pius XI writes: "No less praise is due to those leaders of workingmen's organizations who, sacrificing their own interests, and anxious only for the good of their companions, strive with prudence to bring their just demands into harmony with the prosperity of their entire vocational group, nor by any obstacle or misgiving do they permit themselves to be deterred from this noble task" (p. 46).

### Benefits of Organization to All

If our generation has the good fortune to witness the development of workers' organizations as outlined by Pope Pius XI, two great benefits will result, one of a material, the other of a quasi-spiritual character. Certainly, inasmuch as unionization places increased bargaining power in the hands of workers, workers will, as their organizations become stronger, receive more income. The benefit to them is apparent. The benefit to society should be no less evident. Receiving more income, wage earners will be able to purchase more of the rapidly increasing output of mechanized industry and agriculture. In view of the great disparity between productive capacity and actual consumption, the desirability of this result is beyond question.

### Political Freedom

But another matter should not be lost sight of. It is the great gains that an organized economic society would

yield in the way of political freedom. The economic crisis today is only a new manifestation of an age-old problem—the problem of authority. The struggles of the past three centuries have been fought around the issue: Who is to rule, the few or the people? The desire for great wealth springs not only from a love of riches but from a thirst for power. Whether or not one accepts this as sound psychology, it is the fact that concentrated wealth places despotic authority in the hands of those who hold it.

Those who know the present financial system first-hand will agree that the Holy Father is indulging in no exaggeration when he says that concentrated ownership and credit confer on the small group who control them power over life and death.

The Pontiff declares: "In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure. This power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying so to speak, the life-blood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will" (p. 32).

That power, it need scarcely be said, must be decentralized. It will be decentralized when the wealth that creates it is decentralized. Let all who look forward to a stable and worthwhile society give prayerful thought to the program that the Pontiff has proposed for a new and better social order.

### III

## PAPAL TEACHING ON WAGES AND HOURS

No discussion of the teaching of the Catholic Church on industrial questions has any practical meaning unless one point is agreed on. That point is the matter of jurisdiction. If it is held that the business system is a sovereign state and that, in their business dealings, business men are free to do whatever they please, subject only to the penalties of the system, the discussion must end then and there. But if it is held that the business system is not a sovereign state and that, in their business dealings, business men are accountable at the bar of conscience, then there is common ground for discussion. Only on this assumption is there significance in the question: What does the Catholic Church teach regarding industrial problems and what obligation does it impose on Catholics to contribute according to their position to the reconstruction of the social order?

### Jurisdiction of the Church

The moral jurisdiction which the Catholic Church claims in the field of industry and finance may be likened to the moral jurisdiction which it claims in the field of medicine. In a modern hospital there are two distinct considerations: medical practice and human life. There are first, medicines, instruments, laboratory apparatus, and surgical procedure; and secondly, there are men and women and children patients.

Now there may be difference of opinion as to the value of this or that medicine or of this or that procedure, but there can be none regarding the sacredness and integrity of the human person. No one would hold that a surgeon or a technician is free, regardless of the effects on suffering human beings, to use scientific knowledge or equipment for the sake of experiment, to say nothing of doing so for the sake of profit. The medical fraternity is bound by the moral law to safeguard human sanctity. In brief, the primary and exclusive purpose of all medical technique and procedure is the restoration and maintenance of human health.

Now, when the Catholic Church, by virtue of its Divine commission, claims moral authority to decide the right and wrong of the industrial system, it makes the elementary distinction made in medicine between medical practice and human beings. Industrial research, invention, and machinery are one thing. The human being is something entirely different. About the one the Church is not particularly concerned. About the other it is mightily concerned. Thus the Encyclical, *Forty Years After*, the most recent statement of Catholic teaching on industrial questions, states: "Indeed the Church believes that it would be wrong for her to interfere without just cause in such earthly concerns; but she never can relinquish her God-given task of interposing her authority, not indeed in technical matters, for which she has neither the equipment nor the mission, but in all those that have a bearing on moral conduct" (p. 14).

### Two Chief Objectives

With this much accepted, it is in order to ask: What is the teaching of the Church regarding wages, hours, and unemployment, and particularly regarding the steps to be taken to reorganize society according to the requirements of human well-being? The best way to approach this question is to tell what the Church sets up as an end or objective to be worked toward. That end or objective is two-fold: first, emancipation of the unpropertied; second, provision for all, through at least moderate ownership, for opportunity for comfortable life. The Pontiff declares: "This is the aim which Our Predecessor urged as the necessary object of our efforts: the uplifting of the proletariat" (p. 21).

This—the redemption of the proletariat, as the original text reads—is only a negative objective. It refers to the widespread evil which has existed for over a generation and which exists now to an appalling degree. But in a social order as envisaged by the Catholic Church, emancipation is not enough. The propertyless must be given an opportunity to own property and to enjoy at least a moderate measure of comfort. "This program cannot, however, be realized

unless the propertyless wage-earner be placed in such circumstances that by skill and thrift he can acquire a certain moderate ownership, as was already declared by Us, following the footsteps of Our Predecessor" (p. 22).

### **Opposition to Objectives**

These objectives, of course, stand in direct opposition to those of banking and employing interests who hold that to restore and maintain prosperity, wages must be reduced to even lower levels than they are at present. The Pontiff says rightly that wages are the only means by which the wage-earner can come to ownership of property. According to the standard that wages should be kept at least at a level which would provide for ownership, before 1929 the wages of more than half of all workers in the United States should have been very much higher than they were. Since 1929, it goes without saying, millions of families have been unable to *buy* the necessities of life, not to speak of acquiring a moderate amount of wealth.

In the Catholic program, therefore, the two objectives are: the enfranchisement of the unpropertied, and their advancement to the status of ownership. These objectives are to be obtained through a wage of sufficient size to warrant private ownership for all.

### **Labor: Individual and Social**

The Encyclical demonstrates the worker's right to this wage by recalling the familiar but by no means generally accepted truth that hired labor is both social and individual. "The obvious truth is that in labor, especially hired labor, as in ownership, there is a social as well as a personal or individual aspect to be considered. . . . Hence, if the social and individual character of labor be overlooked, it can be neither equitably appraised nor properly recompensed according to strict justice. From this double aspect, growing out of the very notion of human labor, follow important conclusions for the regulation and fixing of wages" (p. 23).

### Social Character of Labor

The individual character of hired labor is fairly easy to grasp. A man does so much work and is paid so much wages. But the social character of labor, since it does not appear in open view, is not so readily understood. Yet the social character of labor is even more fundamental than its individual character and unfortunately employers have almost entirely disregarded its social character. Until they accept it, there can be no recovery from the present depression and no permanent social order.

The social character of labor flows from the nature both of society and of industry. All past history shows that a nation must make family life its chief concern. The family is the primary social cell. Out of it society grows. If it is weakened or diseased society dies. Now, under the capitalist system, the corner-stone of which is hired labor, the worker has no other way of maintaining his family than through wages. Society, therefore, must compel industry to pay him a year-round family wage. Clearly the family wage is higher than the individual wage. But in sheer self-defense, society, either through legislation, or better still, through economic organizations created and fostered by legislation, must require the payment of an adequate family income. Thus the very nature of society makes labor social.

Moreover, the nature of industry makes labor social. The hours worked by, and the wages paid to, one worker affect more or less the hours worked by, and the wages paid to, every other worker and consequently affect the prices of commodities. Each worker's attitude towards his job, his conscience or his lack of it, his coöperation with other workers or his lack of it, and his good disposition toward the employer or his lack of it, are communicated to all other workers and, for that reason, either promote or undermine the well-being of industry as a whole. Actually, no worker in industry is alone. His presence there is a social fact, and one of far-reaching consequences. In a word his labor is social.

As shown above in Section II, the social character of labor is based on the corporate and organic oneness of the

personnel engaged in producing goods, and on the indispensability of each worker to the entire process. "For unless human society forms a truly social and organic body; unless labor be protected in the social and juridical order; unless the various forms of human endeavor, dependent one upon the other, are united in mutual harmony and mutual support; unless, above all, brains, capital and labor combine together for common effort, man's toil cannot produce due fruit" (p. 23).

### Three Important Conclusions

The twofold character of labor leads to important conclusions regarding wages, hours, and unemployment.

First, the worker is to be paid a family wage, and the employment of mothers because of the inadequate earnings of the husband is an evil not to be tolerated. "In the first place, the wage paid to the workingman must be sufficient for the support of himself and of his family" (p. 23). And again: "Mothers will above all devote their work to the home and the things connected with it. Intolerable, and to be opposed with all our strength, is the abuse whereby mothers of families, because of the insufficiency of the father's salary, are forced to engage in gainful occupations outside the domestic walls to the neglect of their own proper cares and duties, particularly the education of their children" (p. 24).

Second, in setting wages, the condition of a business is to be taken into account. "The condition of any particular business and of its owner must also come into question in settling the scale of wages; for it is unjust to demand wages so high that an employer cannot pay them without ruin, and without consequent distress amongst the working people themselves" (p. 24). But, the text continues, if a firm suffers from bad management, lack of enterprise, or adherence to out-of-date methods, it is not justified in cutting wages. Again, if the firm is unable to pay just wages because of the cut-throat competition of competitors, these competitors are guilty of a grave wrong to the workers. Incidentally, such competition, which is the cause of widespread suffering among workers and even employers, is auto-

matically eliminated by the plan outlined in the Encyclical. Finally, in the case of a concern that is unable to pay just wages and will probably never be able to do so, the decision is to be made whether the concern should stay in business or whether the working force should be supported in some other way.

Third, the exigencies of the common good are the ultimate determinant in fixing wages. Without qualification the Encyclical says that the size of the wage is to be adjusted to the public economic good. (*Denique publico bono oeconomico mercedis magnitudo attemperanda est.*) The importance of this statement cannot be exaggerated. It invokes a canon of right, social justice, around which the whole Encyclical is written. Consequently, the treatment of the common good resolves itself into a treatment of wages, prices, hours, unemployment, and agriculture.

### The Common Good, Wages and Prices

The section on the common good contains three propositions.

First, the wages of every worker should be high enough to enable him, after supporting his family decently, to lay aside enough to build up a "certain modest fortune." "We have already shown how conducive it is to the common good that wage-earners of all kinds be enabled by economizing that portion of their wages which remains after necessary expenses have been met, to attain to the possession of a certain modest fortune" (p. 25).

Second, above this level wages are not to be raised too much or lowered too much, otherwise unemployment will result. "Another point, however, of no less importance must not be overlooked, in these days especially, namely, that opportunities for work be provided for those who are willing and able to work. This depends in large measure upon the scale of wages, which multiplies opportunities for work as long as it remains within proper limits, and reduces them if allowed to pass these limits. All are aware that a scale of wages too low, no less than a scale excessively high, causes unemployment" (p. 25).

Third, a proper proportion is to be maintained among wages of different groups and among the prices of the products of different groups, especially between industry and agriculture. "A reasonable relationship between different wages here enters into consideration. Intimately connected with this is a reasonable relationship between the prices obtained for the products of the various economic groups, agrarian, industrial, etc." (p. 25).

### The Shorter Working Week

The foregoing passage indicates one of the most important steps to be taken in the present crisis, and the one that will have to be taken sooner or later no matter how many devices are experimented with, the shorter working week.

It is conservatively estimated that because of increasing displacement of labor by machinery since 1913, if industry returns to the long working-week of 1927, 5,000,000 workers will not be able to find employment. Social justice, however, requires "that opportunities for work be provided for those who are willing and able to work." How can these 5,000,000 be made self-supporting and self-respecting? If the canon of social justice is accepted the answer is not difficult. The length of the working week will be adjusted to available work. Under existing conditions this means the universal enforcement of a thirty-hour week, or less.

With reduction of hours, however, there should be no reduction of wages but on the contrary an increase, especially among the unskilled and semi-skilled. Otherwise, they will not be able to buy the products of other workers and unemployment will be increased.

The clear statements of the Encyclical, therefore, require that jobs be shared, that the length of the working week be reduced to the point where all will be provided with an opportunity to work, and that wages be high enough to enable every industrious wage-earner to come to at least a moderate ownership of property.

### Agriculture

An important part of the program outlined above has to do with agriculture.<sup>1</sup> It is of the essence of social justice that it embraces *all* the people in a nation and, to the extent that the policies of one nation either advance or hinder the welfare of others, *all* the people in the world.

Limiting consideration to the United States, there is no denying the fact that our governmental policy has in the past violated the essential requirement of social justice: its universality. Generally, Federal and State legislatures have restricted public welfare to city welfare, and left out of consideration the welfare of the thirty millions on farms. In fact, for over 100 years the trend of legislation has been pro-city and anti-farm. Outstanding examples are high tariffs, inequitable levying and apportionment of tax moneys, and especially indifference if not downright hostility to farm co-operatives.

As a result, a disproportionate share of the national income has been diverted from farms to cities. With wealth went population. Consequently, we have the spectacle of city industries, not only now but for the past two or three decades, overmanned by from one-fourth to one-third. Highly opportune is the statement of the Encyclical: "A reasonable relationship between different wages here enters into consideration. Intimately connected with this is a reasonable relationship between the prices obtained for the products of the various economic groups, agrarian, industrial, etc." (p. 25).

To maintain "a reasonable relationship" between the prices of city products and those of farms, cooperative selling associations among farmers are necessary. Such associations, whose function is essentially that of workers' organizations in cities, will increase the exchange power of farmers in selling their products and tend to give them an equitable share of the nation's yearly income.

When farming is organized effectively through coopera-

<sup>1</sup>This question is treated at some length in the author's *Man and Society*, an Introduction to Sociology (Century Co.), Chapter XVI, The Problems of the Farm.

tive marketing associations, and discriminatory tariff and tax legislation abolished, the requirements of social justice with respect to American agriculture will be reasonably satisfied. More families will be able to live in and by agriculture. Farmers will have more to spend for schools, hospitals, and recreation, and to purchase the products of city industries which because of increased use of machinery will need fewer and fewer workers.

### **Class Conflict to Be Abolished**

What has been said so far is more or less a statement of what should be. It would be of little value if it were not reenforced by a practical program with a definite plan of action. The Encyclical does not fail in this respect. Starting from the premise that a controlled economy must supersede the present competitive economy it holds that social order is possible only by eliminating class conflict. A leading sentence in the section on organization reads: "Now this is a primary duty of the State and of all good citizens; to abolish conflict between classes with divergent interests, and thus foster and promote harmony between the various ranks of society" (p. 27).

### **Functional Organization to Supplant Conflict**

Briefly, organization should replace class opposition and the present wasteful system of competition. Workers are to be organized into unions. Employers are to be organized into associations. Farmers are to be organized into cooperatives. Professional persons are to be organized into societies. Every adult is to be a member of the association of his calling, and the worker's income and conditions of employment are to be determined not, as at present, by the ups and downs of the labor market, but by councils composed of representatives of his occupation, representatives of employers, and representatives of government.

The Pontiff says: "But there cannot be question of any perfect cure, except this opposition be done away with, and well ordered members of the social body come into being anew, vocational groups namely, binding men together not

according to the position they occupy in the labor market, but according to the diverse functions which they exercise in society" (p. 27).

### Government to Encourage Organization

The duty of creating a system of functional organizations, says the Encyclical, rests with government. In the United States this would call for Federal and State legislation, national and regional in scope. "When We speak of the reform of the social order it is principally the State We have in mind," says the Pope (p. 26). And again, "The aim of social legislation must therefore be the reestablishment of vocational groups" (p. 27). It is important to add that the duty of government does not cease with merely bringing these groups into existence. After they are organized, government must, as the third party, preside over mixed commissions composed of employers' and workers' representatives, in order to reconcile conflicting interests with the common good.

It is hardly necessary to say that so far as conditions in the United States are concerned much hard work is to be done before the system as outlined in the Encyclical can be realized. Grave obstacles—legal laissez-faire, traditional individualism, and outright greed—stand in the way of the establishment of a rational and socially just economic order. These obstacles should not be minimized but estimated at their true strength and power of resistance.

### Disorganization Means Degradation

At the biennial convention of the American Federation of Labor held in Cincinnati in November, 1932, Secretary of Labor Doak expressed gratification at the fact that during the preceding three and one-half years there had been no labor outbursts or uprisings. Let it be said in all seriousness that the absence of organized strikes during these three and one-half years should not be viewed with satisfaction by American employers or for that matter by the officials of the American labor movement. The non-occurrence

of strikes is of course not a matter for regret, nevertheless their non-occurrence is proof positive of the debasement and degradation of the American wage population. It is mute but unmistakable evidence of deep-seated disease in the social body.

Here is the place to begin. Over forty years ago in demonstrating the necessity of unionism and of the collective bargaining wage contract, Pope Leo XIII appealed to the words of Ecclesiasticus: "Woe to him that is alone for when he falleth he hath no one to lift him up" (IV-10, p. 30). In American industry the basic evil is not that a man falls down and has no one to lift him up. The basic evil is that one man must be pushed down in order that another can rise. This is the essence of modern competition. On it the entire structure of profit making and wage payment rests. It is obvious that a system cannot continue whose controlling rule is that one person can succeed only to the extent that he makes another fail. It is imperative that that system be changed and changed drastically. .

### Two Courses of Action

Two courses of action should be followed: one negative and one positive. Both are based on the single proposition that the individual wage and hour contract is contrary to public policy.

The negative course consists in clearing away the obstacles to confidence and mutual good will within the system. Specifically, the first step would be to outlaw all the open-shop secretariates in the country, all the labor spies, all the anti-union law firms, all the anti-union printing establishments, magazines and literature. Such activities should be regarded as opposed to public welfare and dealt with accordingly. This proposal, of course, would increase unemployment, but probably no public money can be spent to better advantage than appropriations for the maintenance of this new section of the unemployed. It would be worth the investment to guarantee their upkeep for a year or two until they can be absorbed in useful occupations.

### Labor Education

On the positive side many suggestions might be offered. One will suffice: an endowed Labor University. The institution should be staffed with only socially-minded instructors, and accept only such students as intend to devote their lives as leaders in labor organizations. It would train them in engineering, economics, ethics, law, history, statistics, and journalism. The need for such a University resolves itself into the need for statesmanlike leadership of the wage-earning masses.

If the society of the future is to be organized functionally, the legitimate aims and rights of functional groups must be interpreted to them intelligently and honestly in the light of the common welfare. No man or woman of wealth can make a better investment and, incidentally, secure a more permanent name with posterity, than by providing the endowment necessary for a great center of learning dedicated to the cause of social justice. If it is true, as the Encyclical says, that the "immediate apostles of workingmen must be workingmen themselves," what greater service can be rendered the vast multitudes of wage-earners than to enable them to lead themselves? What greater service can be rendered to all society than to establish it firmly on understanding, justice, and charity?

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